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FISCAL IMPACT STATEMENT

LS 6646

BILL NUMBER: SB 122

NOTE PREPARED: Dec 11, 2002

BILL AMENDED:

SUBJECT: Grievance Appeals.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that, unless an individual appealing a denial of reimbursement for covered health care services grants an extension of time for an accident and sickness insurer or a health maintenance organization to resolve the appeal, the appeal is automatically resolved in favor of the individual.

Effective Date: July 1, 2003.

Explanation of State Expenditures: This bill may result in higher health insurance rates for state employees enrolled in health maintenance organizations. This increase is dependent upon two factors: (1) whether an HMO can resolve an appeal within the given 45-day time period, and (2) whether the insured grants an extension of time, beyond 45 days, to the insurer to resolve the appeal. If the answer to both of these is no, the appeal is automatically found in favor of the insured. Requiring insurers to make these expenditures may affect health insurance rates. The fiscal impact of this bill is undeterminable.

Background Information: For CY 2002 the state spent a total of \$279.6 M for employee health care. There are approximately 26,000 state employees currently enrolled in health maintenance organizations.

Explanation of State Revenues:

Explanation of Local Expenditures: This bill may result in higher health insurance rates for employees of local governments and school corporations enrolled in health maintenance organizations and group insurance plans. This increase is dependent upon two factors: (1) whether an HMO or group insurer can resolve an appeal within the given 45-day time period, and (2) whether the insured grants an extension of time, beyond

45 days, to the insurer to resolve the appeal. If the answer to both of these is no, the appeal is automatically found in favor of the insured. Requiring insurers to make these expenditures may affect health insurance rates. The fiscal impact of this bill is undeterminable.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All local agencies that contract with health maintenance organizations or group insurance plans for employee health insurance.

Information Sources:

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